

Maryland SHOP Exchange Study

Discussion of “Worker ~ Employer Choice” Issues

SHOP Advisory Committee Meeting

September 27, 2011



Possible Choice Options

Federally required option (per proposed rules):

**C. SHOP must at least provide the following option
for employers:**

- Employer picks a level of coverage (bronze, silver, etc.) it is willing to support.
- Each worker then gets to choose among all the QHPs offered at that coverage level.
- Could be only SHOP construct, or one of multiple employer options.



Possible Variation on Federally Required Construct

- Same number of worker choices (QHPs) as might be offered under the federal construct (e.g., number of silver-level plans).
- BUT, consisting of (all) HMOs at one level (chosen by employer) and PPOs from a lower level.
 - By “HMO” in this context, we mean integrated delivery systems or other tightly managed network plans.
- If this approach seems potentially more viable in MD, Maryland may want to suggest it be allowed as an alternative.
- Other employer “suites” of QHPs at different levels.



Possible Choice Options

The Exchange could work with its partners to evolve and refine choice offerings over time. Initial consideration and decisions can inform initial organization and program policy decisions.

Other choice options the SHOP might decide to offer to employers include:

- A. Worker choice among all QHPs at all coverage levels.
 - After initial selection, would be sensible to limit # of levels a worker can move at open enrollment.
- B. Employer selects 2 or more coverage levels; workers may choose any QHP at those levels.
 - Might be sensible to constrain this option, e.g., the two levels cannot be “platinum” and “bronze.”



Possible Choice Options (cont'd)

- D. Employer selects specific QHPs from different coverage levels; workers choose among these.
- Other more structured variations might be more sensible and manageable.
 - E.g., employers could choose among SHOP-offered “suites” of QHPs, which include competing issuer plans from different coverage levels.
- E. Employer chooses one QHP to offer its employees.
(Note that the term “QHP” implies only one coverage level.)

Too many employer-choice options could be counter-productive.



Broader Market Rule and Exchange Factors

- Seek same plan choices available to SHOP workers as Exchange individuals?
- Will Maryland provide or allow for distinct products (and premiums) for the SHOP vs. outside market?
- Will Maryland maintain its composite group rating rule and, if so, can it accommodate workers paying age-weighted price differences for plan choices other than the employer's chosen reference plan?



Preliminary Criteria for Evaluating Possible Choice Options

[See separate document for discussion of “scoring” options.]

- Number of Choices Available to Workers
- “Intelligibility” of Worker Choices
- Accommodates Employer Ability to Just Define Contribution
- Cost-Conscious Worker Choice of networks/provider systems
- Potential Adverse Selection / Risk Premium Cost
- Similarity to Individual Exchange Options (Individual Continuity)
- Additional Burden on Exchange Administrative Systems (relative to system required for federal model)
- Similarity to Existing Small Employer Market/Systems
- How well it complements other Choice Options offered
- Others?



Differential Considerations re: Employer-Chooses-One-QHP Option

- Allows SHOP employer to keep previous plan.
- Does not require new SHOP systems to support worker choice.
- May reduce retention rates in Exchange.
- No value-added relative to current market.



Making Worker-Choice Easy for the Employer Includes:

One-Stop SHOP-ping:

- Worker-friendly information on all plans
- Standard enrollment form for all plans
- One billing showing each worker's required contribution (in light of employer contribution)
- One employer payment to SHOP
- Single point of contact for mid-year additions / deletions.



Assessment of Private Sector Capacity for SHOP Exchange



Process for Assessment of Private Sector Capacity

- Preliminary conversations with vendors / potential partners underway
 - Inform our guide and subsequent report with a current understanding of existing solutions
- Establish guide / survey for assessment
 - Seek information related to criteria which the state may find valuable in determining an exchange solution
- Conduct assessment & prepare report



Preliminary Assessment Guide Criteria

- SHOP Exchange Capabilities
 - Support for chosen policies regarding worker choice
 - Enables employer & employee enrollment
 - Supports premium billing & collection of payments
 - Enables management of additions and deletions of employees and dependents
 - Facilitates reconciliation & payment to carriers
- Usability
 - Interfaces for employers, employees, TPAs, insurance brokers, and/or administrators
- System Scalability & Reliability
- Vendor Responsiveness

